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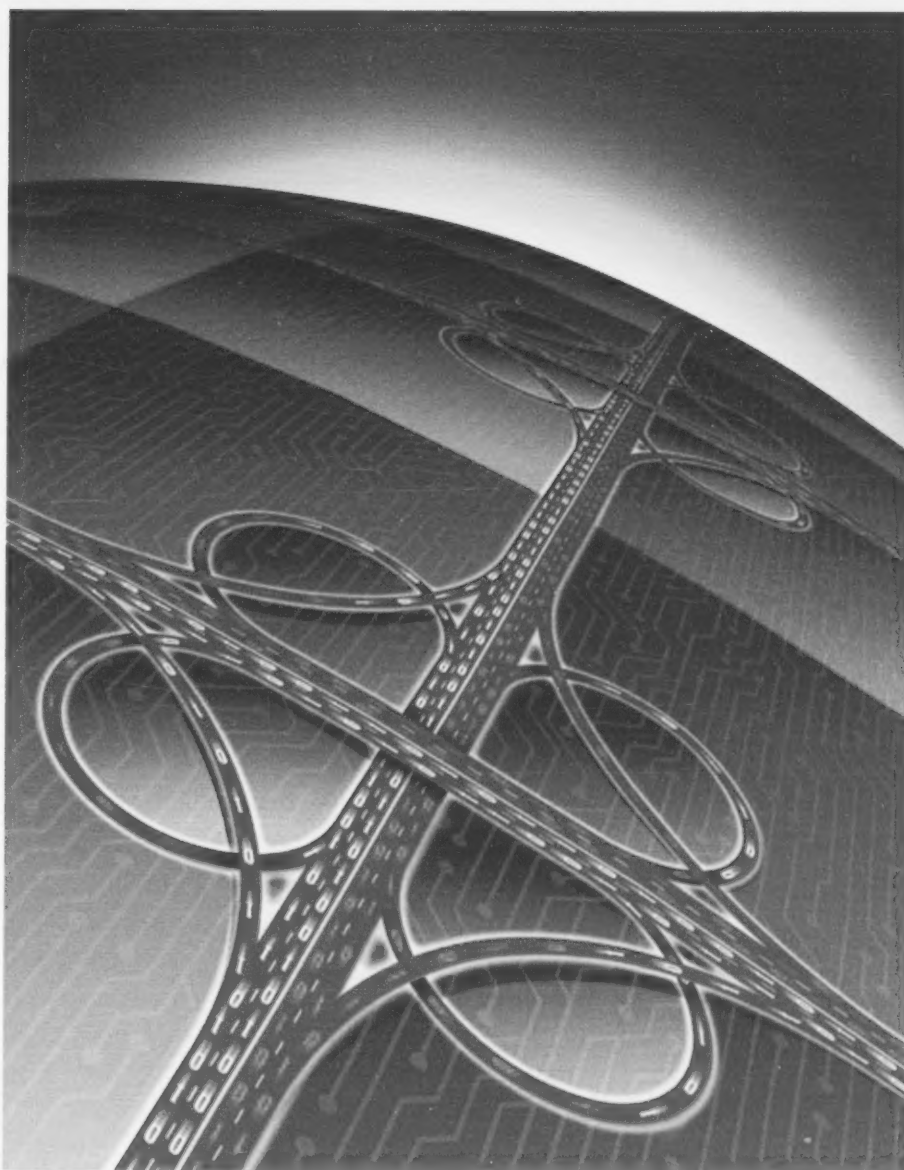
PERSPECTIVES

ON LABOUR AND INCOME

MARCH 2003

Vol. 4, No. 3

- BENEFITTING FROM
EXTENDED PARENTAL
LEAVE
- NEW MATERNITY AND
PARENTAL BENEFITS
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- p preliminary
- r revised
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- E use with caution
- F too unreliable to be published

Highlights

In this issue

■ Benefiting from extended parental leave

- After the extension of parental benefits from 10 to 35 weeks, employed mothers in receipt of benefits increased (or planned to increase) their time away from work from 6 months in 2000 to 10 months in 2001.
- One-quarter of all mothers with benefits in 2001 were back to work within 8 months. These women were more likely to have a non-permanent or low-paying job, or a spouse who claimed parental benefits.
- Time taken off work by mothers who did not receive maternity or parental benefits and returned to work remained at four months for 2001.
- More new mothers received maternity or parental benefits in 2001 than in 2000 (61% versus 54%)—likely because of the reduced number of hours required for benefits and women's increased labour force participation.
- After the extension of parental benefits, fathers' participation in the program jumped from 3% in 2000 to 10% in 2001.

■ Taking stock of equity compensation

- According to the 1999 Workplace and Employee Survey, about 816,000 or 10% of employees had a stock purchase plan.
- Over a third of employees in the computer and telecommunications (CT) sector had a stock purchase plan in 1999.
- The median hourly wage of stock purchase plan participants was \$22, about \$7 more than those with no plan. Overall, the prevalence of stock purchase plans rose with wages and salaries.

Perspectives

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Benefiting from extended parental leave

Katherine Marshall

THE UNEMPLOYMENT INSURANCE Act (EIA)¹ of 1940 introduced unemployment insurance to Canada, but it was another 30 years before the Act provided provisions for maternity leave. Starting in 1971, mothers with 20 or more insurable weeks could claim up to 15 weeks of benefits. Almost two decades later, in 1990, 10 weeks of parental leave benefits were added. These could be used by either parent or split between them (HRDC 1996). Another significant change in December 2000 increased parental leave benefits from 10 to 35 weeks, effectively increasing the total maternity and parental paid leave time from six months to one year. As well, the threshold for eligibility was lowered from 700 to 600 hours of insurable employment. However, the rate of benefit remained unchanged at 55% of prior weekly insurable earnings up to a set maximum (see *Parental benefit revision*).

One aim of the 2000 amendment was to enable working parents to care for their infant for longer and still allow them secure re-entry into employment. After the extension of parental benefits, all provinces and territories revised their labour codes to give full job protection of 52 weeks or more to employees taking paid or unpaid maternity or parental leave.² Many other industrialized countries have moved to provide employment-protected parental leave as well. In 1996, the European Union (EU) passed a directive on parental leave mandating the right of all workers to at least three months leave (not necessarily paid) for childcare purposes (as distinct from maternity). As of 1998, 13 of the EU countries had statutory parental leave provisions, 2 did not (United Kingdom and Ireland), and one (Luxembourg) had limited provisions (Hall 1998).

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Parental benefit revision

In 2000, Bill C-32 amended the *Employment Insurance Act* regarding paid parental leave in Canada. Starting December 31, 2000, leave time for employed parents increased from 10 to 35 weeks. Parental leave benefits can be claimed only after the birth of the child, and the leave must be taken within 52 weeks of the birth. To qualify, parents must have worked for 600 hours in the past 52 weeks, down from 700 previously. The 35 weeks of benefits can be taken by one (qualifying) parent, or they can be split between both (qualifying) parents, with only one waiting period required between them. The benefit entitlement remains at 55% of average insured earnings up to a maximum of \$413 per week.

Maternity leave benefits, which are administered in the same way as parental benefits, can be claimed for 15 weeks by women only, and up to 8 weeks before the birth.

Although a discussion of sickness benefits is outside the scope of this paper, as of March 2002, these benefits no longer cut into the total eligible period for maternity and parental benefits. More information is available on the HRDC Web site (www.hrhc-drhc.gc.ca).

The expansion of parental benefits has the potential to alter the labour market behaviour of both mothers and fathers. Do women now remain at home longer with their infants, and are there factors, such as income, that influence the length of leave time taken? Do women return to the same employer after longer periods of leave? This paper examines the labour market activity of mothers before and after the last paid parental leave amendment. Some of the events, such as returning to work, are based on both actual and intended behaviour (see *Data source and definitions*).

Overview findings

In both 2000 and 2001, over 300,000 mothers had infants at home (Table 1). In both years, roughly three-quarters of these mothers had been employed for at least one of the 52 weeks prior to the birth of the child—74% in 2000 and 77% in 2001.

Benefiting from extended parental leave

Table 1: Work-related facts on mothers with infants under 13 months

	2000	2001
Total mothers	314,300	203,300^a
	%	%
Worked during year before birth	74	77
Spouse claimed or planned to claim parental benefits ^b	3 ⁱ	10 [*]
Worked prior to birth	100	100
Returned or planned to return to work within 2 years ^c	84	82
Reference job was paid	93	93
Employees	100	100
Received EI maternity and/or parental benefits	79	84
Received EI and employer or other top-up	23	20
Returned or planned to return to same employer ^d	84	89

Source: Employment Insurance Coverage Survey

^a The total of mothers in 2001 was 326,600, but because the extended parental benefit program began in 2001 only those who gave birth in 2001 were included.

^b Of those with a spouse present.

^c See note 3.

^d Of those who took a break from work of one week or longer, and returned or planned to return within 18 months.

^{*} Statistically significant difference between the two years at the .05 level or less.

Among mothers who worked prior to the birth of their child, 84% in 2000 and 82% in 2001 returned or planned to return to work within two years.³ The extension of paid leave does not appear to have affected mothers' return-to-work rate. An equal proportion of these women reported their reference job as paid (93%) (see *Data source and definitions*).

More mothers with paid jobs received maternity or parental leave benefits in 2001 (84%) than in 2000 (79%). This may be a result of the heightened awareness of the highly publicized revised parental benefit program and the reduction in the entrance requirement from 700 to 600 insurable hours. In any case, the combination of increased access to parental benefits and increased labour force participation of expectant mothers elevated the overall proportion of all new mothers receiving maternity or parental benefits from 54% in 2000 to 61% in 2001. Still, 39% of mothers with newborns in 2001 did not receive birth-related benefits because they were not in the labour

force (23%), were paid workers who were ineligible or did not apply for benefits (12%), or were self-employed (5%).

A slightly smaller proportion of women who received EI reported receiving a financial top-up from either their employer or another source in 2001 than in 2000 (20% versus 23%). Women were much more likely to receive a top-up if they worked for a large firm. In 2001, 31% of those employed in firms of 500 employees or more received a top-up, compared with 18% of those in smaller firms. Also, the vast majority in both years returned to the same workplace, with 2001 showing a slightly higher rate—89% versus 84%.

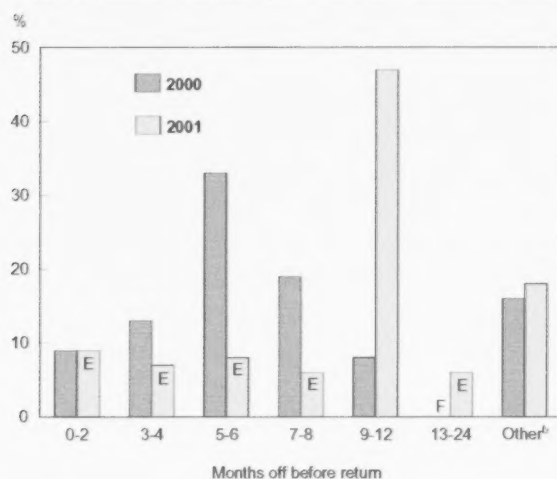
Only about 3% of husbands claimed or planned to claim paid parental benefits in 2000, whereas by 2001 the figure more than tripled to 10%. This is not only a statistically significant increase, but also a socially significant one. Although the length of time involved is not known, approximately 1 in 10 fathers take a formal leave from their job to be at home caring for a newborn. Administrative EI data also shows a five-fold increase in the number of men receiving parental benefits since the amendment (Péresse 2003). This parental leave benefit claim rate for fathers moves Canada ahead of many other countries, but still leaves it considerably behind those that offer non-transferable leave to fathers—Norway, for example, where almost 80% of fathers take parental leave (see *International take-up rates among fathers*).

One year off work more common now

For mothers who returned or planned to return to work within two years of childbirth, the most common return time changed from 5 to 6 months in 2000 to between 9 and 12 months in 2001 (Chart A). Clearly a result of the longer paid-benefit period, the proportion of women returning to work after about a year off (9 to 12 months) jumped from 8% to 47% between the two years.

Roughly 1 in 10 women in both years took either no time, or only one or two months, off work after childbirth. The vast majority of these early returnees were self-employed or employees without maternity or parental leave benefits. At the other end of the spectrum, for both years, less than 2 in 10 women did not plan to return to work, or did plan to return and either did not know when or gave a date beyond two years.

Chart A: Returning^a to work between 9 and 12 months after birth increased sharply.



Source: Employment Insurance Coverage Survey

^a Based on completed and planned absences.

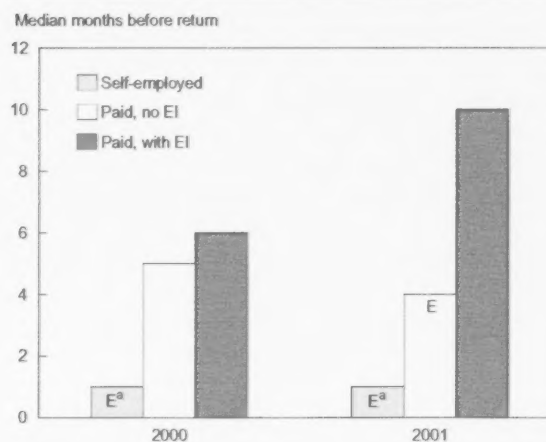
^b Those who planned to return in 25 months or more, planned to return but did not know when, or did not plan to return at all.

Time off jumps from 6 months to 10 for benefit recipients only

Among self-employed women who returned to work within two years, the median time off work was only one month in both 2000 and 2001 (Chart B).⁴ Previous research supports this finding, and suggests that entrepreneurs on leave can face a double financial loss, not only because of their own lost earnings but because of the possible expense of hiring a replacement worker (Marshall 1999). And, since the self-employed do not pay into the Employment Insurance program, they are not entitled to maternity or parental leave benefits. The median length of time off work also changed very little for employees not receiving maternity or parental benefits—five months in 2000, and four months in 2001. The self-employed and employees without benefits accounted for a minority of the total who were previously employed and had returned (23% in 2000 and 19% in 2001).

Most women who returned or planned to return to work were employees in receipt of maternity or parental leave benefits: 77% in 2000 and 81% in 2001. And it is this group that appreciably extended their

Chart B: After 2000, actual and planned time off increased for mothers with EI only.



Source: Employment Insurance Coverage Survey

EI = Maternity and/or parental benefits

^a See note 4.

stay at home following the program amendment. The median time at home for women with benefits increased from 6 months in 2000 to 10 months in 2001. Although there is some variation around the median, most recipients were concentrated in a narrow band around this figure. Two-thirds (67%) took or planned to take 9 to 12 months, one-quarter took 8 or less, and the remainder took 13 to 24.

Key factors in length of paid time off

Father's take-up rate of benefits

Although most employees with benefits took advantage of the revised parental leave program and were, or planned to be, off work for almost a year, one-quarter of the women took less than 9 months off (median of 5 months) (Table 2). The two groups share many similarities; they had roughly the same median age (30), the same marriage rate (95%), and the same education (7 out of 10 had a post-secondary diploma or university degree). However, fathers' participation in the program differed significantly. Almost one-quarter of the husbands of women who took less time off claimed or planned to claim benefits, while only a handful of husbands of the long leavetakers did so. Logically, if fathers claim some of the 35 paid parental

Data source and definitions

The Employment Insurance Coverage Survey (EICS), a supplement to the Labour Force Survey (LFS) since 1997, studies the extent of coverage of the Employment Insurance program. Starting in 2000, a special maternity supplement was added to help monitor the effect of the extended parental benefit program, which began December 31, 2000.

The supplement asked new mothers detailed questions on their labour market situation before and after the birth/adoption of their child. Other information collected included the timing of any breaks before and after the birth/adoption, the receipt of EI by type and benefit level, as well as individual and household income prior to or since the birth/adoption. The survey also asked about spousal use of parental benefits, as well as some employer- and childcare-related questions. In cases where an event had not occurred—for example, a mother's return to work or a husband's claim for parental benefits—subsequent questions about intentions were asked. Calculations of the time off work are based on both completed and intended leave spells.

The sample included roughly 1,350 mothers with children less than 13 months of age in both the 2000 and 2001 surveys. However, almost 500 of those interviewed in 2001 had given birth or adopted their child in 2000 and were therefore excluded from the analysis. This paper examines the labour market behaviour of a sample of mothers who gave birth before and after the implementation of the parental benefit amendment, which means births in 1999 or 2000, and 2001.

A number of non-sampling errors, such as incorrect skip patterns, have led to some data quality issues, particularly with the 2001 file. Several variables have some missing responses, and in these cases calculations are based on valid responses only. The extent of the problems is not believed to seriously affect the results. Future cycles of the survey will resolve these problems.

Employment prior to birth: Women were considered employed if they reported working one or more weeks for pay or profit in any of the 52 weeks preceding the birth of the child.

Annual earnings were derived for all previously employed women by multiplying usual weekly hours of work by total weeks worked before birth (maximum of 52) by usual hourly earnings.

All respondents were asked to report total **household income** from all sources within a list of income ranges provided.

Women had an **employed spouse** if at the time of the survey they reported living in a husband-wife family in which the husband was employed.

Reference job characteristics were collected at the time of the LFS, which was 4 to 6 weeks before the EICS. For women who were not yet back to work, the term refers to their last main job held; for women who had already returned, it refers to their current main job.

If mothers, while pregnant or on leave, received employer payments, private insurance payments or other benefits in addition to EI maternity or parental benefits, they were considered as receiving a **top-up**.

Parental leave refers to a period of job-protected time granted to employees for the care and nurturing of their children. Currently, all provinces and territories offer at least 52 weeks to mothers and 37 weeks to fathers.

Parental benefits are available to previously employed qualifying parents (see *Parental benefit revision*).

Duration of time off work was calculated for all women who reported taking a break of one week or more after the birth/adoption of their child. For those who had already returned to work, the total weeks off work was recorded. For those who were not yet back to work, but who knew when they would return, the planned return date was recorded. In all cases, total time off was calculated as the time between the birth month and year of the child and the month and year of return. As expected, a greater percentage of return-to-work spells based on 'intentions' was noted for mothers who gave birth after the parental benefits amendment. Of all time-off spells that took place within two years, 74% were based on a specified future return date in 2001, compared with 40% in 2000.

Some precision is lost in calculating total time off in months rather than in weeks, but the more important issue is the change between 2000 and 2001. Also, total time off work may be underestimated because some women begin their maternity leave before the birth, since this benefit can be claimed up to eight weeks ahead of time.

leave weeks, mothers would have less than a year of paid leave for themselves, and thus a shorter stay at home. Further analysis⁵ indicated that women with partners who claimed or planned to claim parental benefits were 4.6 times more likely to return to work within eight months than those with partners who did not claim benefits.

Income

Significantly more mothers who returned within eight months reported annual earnings below \$20,000 in their previous or current job (49%), compared with those who returned after almost a year (29%).⁶ In other words, lower individual earnings were associated with

Benefiting from extended parental leave

Table 2: Characteristics of employees with EI maternity and/or parental benefits, by actual or planned return to work, 2001

	Within 2 years ^a	Within 1 year		Odds ratios ^d
		0 to 8 months	9-12 months	
Total employees	97,600*	24,000	65,700	
Median time off (months)	10	5	11	
Personal characteristics				
Median age (years)	31	30	31	ns
Spouse employed ^b	90	84	92	ns
Spouse not employed	10 ^E	F	F	
Spouse claimed or planned to claim parental benefits ^b	10 ^E	F	F	4.6***
Spouse did not claim benefits	90	77 ^E	94*	
High school or less	28	F	29	
Post-secondary diploma, university degree	72	73 ^E	71	ns
Income				
Had employer top-up	26	27 ^E	26 ^E	ns
No top-up	74	73	74	
Annual personal earnings				
Under \$20,000	35	49 ^E	29*	2.9 **
\$20,000 - \$39,999	45	31 ^E	51	
\$40,000 or more	21	F	20 ^E	
Annual household earnings				
Under \$40,000	41	46 ^E	38*	ns
\$40,000 - \$59,999	34	32 ^E	34	
\$60,000 or more	25	F	28 ^E	
Median weekly EI benefits	316	300	323	ns
Job related^c				
Full-time job	86	82	87	ns
Part-time job	14	F	13 ^E	
Permanent job	95	87	98*	
Temporary job	F	F	F	4.8 **
Unionized	36	33 ^E	34	
Not unionized	64	67 ^E	66	ns

Source: Employment Insurance Coverage Survey

^a Excludes cases of non-response. The sample for those who took or planned to take 13 to 24 months off work was too small to present by individual characteristics.

^b Only those with spouses, which was 95% for all groups.

^c Refers to reference job at time of interview (see Data sources and definitions).

^d See note 5.

* Statistically significant difference at the .05 level or less. Tests were done between the two return groups for each variable.

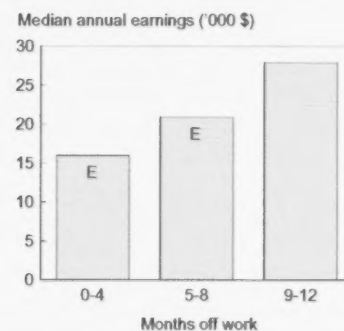
** Regression results statistically significant at the .01 level, or less.

*** Regression results statistically significant at the .001 level, or less.

ns Not significant

a quicker return to work (Chart C). For example, mothers with maternity or parental leave benefits who returned to work within four months had median annual earnings of just under \$16,000. This suggests that women with lower earnings (and possibly lower savings) may not be financially able to stay at home for an entire year on 55% of their earnings.

Chart C: Mothers with EI took or planned more time off work if earnings were higher.



Source: Employment Insurance Coverage Survey
EI = Maternity and/or parental benefits

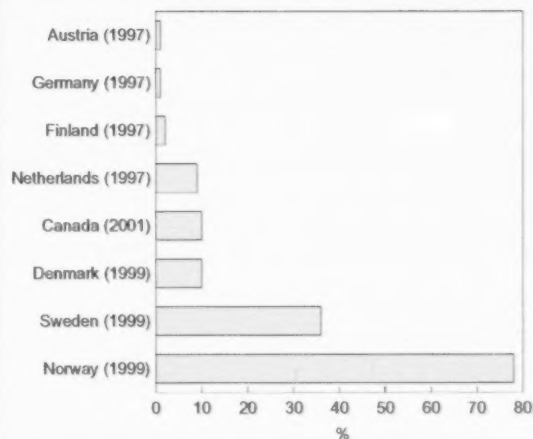
Since personal income influences total household income, early returnees were also more likely to be part of a household whose total income was under \$40,000—46%, compared with 38% for those who returned between 9 and 12 months (Table 2). However, when household income is compared with all other variables at the same time, by way of regression analysis, the mother's earnings are clearly the overriding factor.

Receiving an employer top-up or other compensation in addition to paid maternity and parental

International take-up rates among fathers

Even though the EU parental leave directive was implemented in 1996, most research shows that participation rates are high for mothers (90% or more) but not for fathers, even though the benefit is usually paid and available to both parents. Data from a number of European countries indicate that fathers' participation in parental benefits is often under 5% (Austria, Germany and Finland). Participation rates tend to be higher only in countries where parents are offered non-transferable paid parental leave (each parent must use the leave or lose it), such as Sweden and Norway where rates are 36% and 78% respectively. Many reasons have been put forward for the low parental benefit take-up rates for fathers including social, cultural and employer attitudes, the income rate while on leave, the level of job protection, and also "whether or not the mother wishes it" (OECD 2001). One reason for the increased claim rate in Canada (from 3% in 2000 to 10% in 2001) may be that fathers no longer face a two-week payless waiting period if their spouse has already served one. Another reason may be the length of time now offered for benefits—with 35 weeks available, mothers may be more willing to share some of the leave time with their partners.

Fathers' participation in paid parental leave* for selected countries



Sources: European Industrial Relations Observatory on-line (www.eiro.eurofound.ie); OECD, 2001; EICS, 2001
* Distinct from paid paternity leave

benefits does not appear to affect the timing of returning to work. Just over a quarter of all employees who returned or planned to return to work within two years enjoyed this benefit.⁷ Although the top-up was substantial for many—half received a supplement large enough to equal 90% or more of their previous earnings—the median duration was only 15 weeks. The median weekly EI benefit rate was somewhat

lower for those who returned sooner than for those who returned later (\$300 versus \$323), but the difference was not statistically significant.

Job permanency

The majority of mothers who took or planned to take a year off had worked full time in their previous or current job (87%), as had those who took less time off (82%). And, almost equal proportions (one-third) reported the job as unionized. However, one job-related factor that did determine a relatively early return to work, despite receipt of maternity or parental leave benefits, was whether the mother's job was permanent. Almost all (98%) of mothers on leave for a year had a permanent job, compared with 87% of those who returned in eight months or less. The job-permanency rate for benefit recipients who returned in four months or less was only 75%. Roughly 90% of these non-permanent jobs were temporary, term, contract or casual, and so would in theory be less likely to offer job protection. Those with non-permanent work were almost 5 times more likely to return to work in less than nine months compared with those with a permanent job.

Some of the key factors influencing the time away from work for women with maternity and parental benefits may be interrelated. For example, non-permanent jobs generally offer lower wages than permanent ones, so an early return to work might reflect the possibility of job loss, economic necessity, or both. Further analyses in subsequent years, when the entire sample will include births after the 2001 parental leave extension amendment, and upcoming data from the Survey of Labour and Income Dynamics may help shed further light on these questions.

Summary

Bill C-32 added 25 weeks of paid parental leave to the pre-existing 10. Including the 15 weeks of maternity benefits, parents can now receive up to a year of benefits while caring for their newborn children. Those who received these benefits experienced a significant increase in the time taken off work after the birth or adoption. Over 80% of these women returned or planned to return to work within two years, and the median time off increased from 6 to 10 months between 2000 and 2001. Despite the extended time off taken by most women who received benefits, one-quarter of them returned to work within eight months. Significant factors linked with a shorter leave from

work included a father's participation in the parental benefit program, a mother's job being non-permanent, and low employment earnings. Even with the increased time away from work, women were equally likely to return to the same employer in both years.

However, the program amendment had no effect on those without access to parental leave—roughly 46% of all mothers with newborns in 2000 and 39% of those in 2001. The increased claim rate in 2001 was likely due to the increased employment rate of women before childbirth, as well as the increase in the proportion of employees qualifying for birth-related benefits. The mothers in 2001 without maternity or parental benefits consisted of those who were self-employed (5%), paid workers who did not qualify or apply for benefits (12%), and those who had not previously been employed (23%).

Since the extension of parental leave benefits, fathers' participation rate in the program has increased from 3% to 10%. So, not only are most newborns receiving full-time care by their mothers for longer, but many more are experiencing a father at home for some of the time as well.

Perspectives

■ Notes:

- 1 In 1996, the Unemployment Insurance Act became the Employment Insurance Act (EIA).
- 2 Under provincial or territorial labour codes, job-protected parental leave is granted to those with continuous employment, which can range from less than a week to one year.
- 3 This finding differs from a 1993-94 study of women returning to work after childbirth using the Survey of Labour and Income Dynamics (SLID), where 93% of women reported being back to work within two years. One reason for the difference may be that at the time of the EICS, about 8% of mothers were undecided about their future return. With the undecided removed, 90% of the women in the EICS also reported returning within two years.
- 4 An error in the questionnaire meant that all self-employed women in 2000, and most in 2001, who had not yet returned to work were not asked about their intention to return. Therefore, the calculations are based on completed spells only and likely underestimate the true time off. However, the majority of the self-employed had already returned, and well over half did so in less than three months.

This is consistent with analysis of self-employed mothers using the Survey of Labour and Income Dynamics, which found that 80% of those previously employed were back to work by the end of the first month after childbirth (Marshall 1999). Also, the full 2001 survey was used in order to have a large enough sample for calculation in Chart B (that is, self-employed mothers who gave birth in 2000 were included).

5 A logistic regression model was used to examine the probability of having taken less than nine months off work. The dichotomous dependent variable was less than 9 months (= 1) and 9 to 12 months (= 0). More information about the model may be obtained from the author.

6 An assumption is made that employment before and after the birth is largely similar. This is based on the fact that well over 80% of the women return to the same employer, and 90% to the same hours (Marshall 1999).

7 The overall top-up rates of 20% and 26% found in Tables 1 and 2 respectively, differ because of the population examined. The 26% includes only employees with maternity or parental benefits who had returned to work within two years.

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Dominique Pérusse

TO WHAT EXTENT ARE parents taking advantage of recent changes to the maternity, parental and adoption benefits available under the Employment Insurance (EI) program? (See *Data source and definitions*.) This report presents some statistics compiled from data provided by Human Resources and Development Canada. Note that the increase in the average number of parents receiving benefits each month could be a combination of more people qualifying under the new regulations and the extended length of time for which benefits can be claimed.

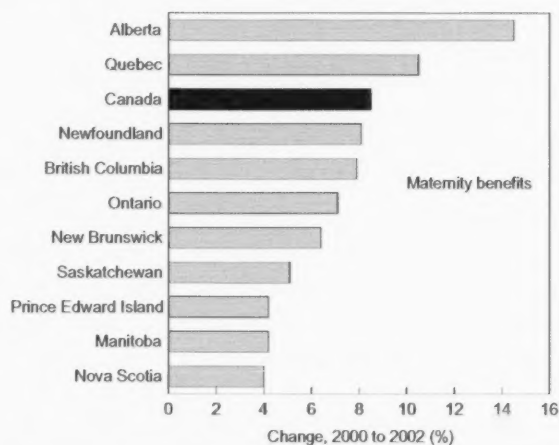
Maternity benefits

Between 2000 and 2002, the average number of women receiving EI maternity benefits each month increased from 49,700 in 2000 to 53,900 in 2002, an 8.5% increase. Provinces showing the least change were Nova Scotia (4.0%), Prince Edward Island (4.2%), and Manitoba (4.2%) while Alberta (14.5%) and Quebec (10.5%) recorded the most. (Analysis was not conducted in the territories because of the small number of beneficiaries.)

A large part of the increase can be explained by the reduction in the number of hours of insurable employment required to qualify—from 700 to 600 hours. This change allowed a monthly average of 2,200 more mothers to receive support in 2002, half of the increase between 2000 and 2002.

Mothers who qualified with less than 700 hours of employment generally had lower insurable weekly earnings since they were more likely to be part-time workers. In 2002, 5% of mothers receiving benefits

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Source: Employment Insurance Statistics Survey

had insurable earnings of less than \$200 per week, but they represented 28% of those who qualified with less than 700 insurable hours.

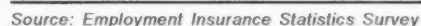
Parental benefits

A monthly average of 4,900 parents who would not have qualified under the old program received parental benefits in 2002. These new qualifiers (4,700 mothers and 200 fathers) worked between 600 and 700 hours in the year before they requested benefits. They represented 2.3% of the average monthly number of fathers and 4.3% of mothers receiving EI parental benefits in 2002.

The coverage extension of parental benefits was particularly beneficial to women. While 93% of all beneficiaries were women, they made up 96% of parents in the category of qualifiers with less than 700 hours.

While those who adopt a child are not eligible for maternity benefits, they are eligible for 35 weeks of adoption benefits. As with parental benefits, these

Women accounted for 90% of parents receiving adoption benefits in 2000 and 88% in 2002. The proportions were larger for women receiving parental benefits—95% and 93% respectively.



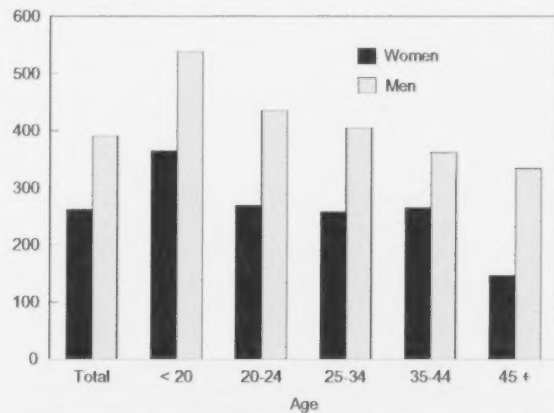
The shift in the proportion of payouts from maternity to parental benefits is easily understood. In 2000, the 15 weeks allowed for maternity benefits counted for 60% of the 25-week maximum for maternity and parental benefits combined. In 2002, those 15 weeks dropped to 30% of the 50-week maximum for the two combined.

In 2002, an average of 108,700 mothers collected parental benefits each month, 4 times as many as in 2000 when the figure was 30,100. Mothers younger than 20 had the highest increase—nearly 5 times.

Previously, fathers were required to serve a two-week waiting period if they wished to share benefits with the mother, who also had to serve a two-week period at the beginning of her claim for maternity benefits. The father is no longer required to serve the second waiting period.

The average number of fathers receiving parental benefits each month reached 7,900 in 2002, 5 times more than the 1,600 two years earlier.

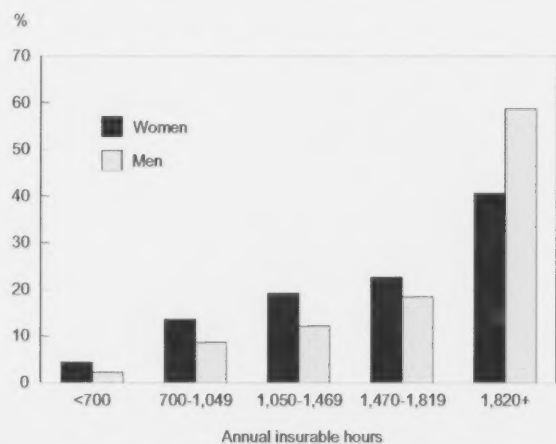
Change, 2000 to 2002 (%)



Source: Employment Insurance Statistics Survey

Women in the labour market work fewer hours on average than men. However, once women reach the threshold of 600 insurable hours, they are entitled to the full maternity/parental benefits package of 50 weeks.

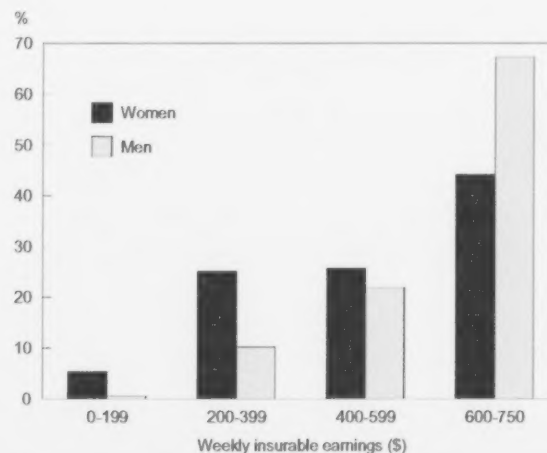
In 2002, nearly 6 in 10 men participating in the parental benefits program had accumulated 1,820 or more hours of insurable employment in the year preceding their parental leave, the equivalent of 35 hours or more per week. In comparison, 4 in 10 women had worked the same number of hours.



Source: Employment Insurance Statistics Survey, 2002

Women have lower average weekly insurable earnings than men. Lower earnings mean lower benefits, since benefits are equivalent to 55% of average weekly insurable earnings up to a maximum of \$413 per week.

Thirty percent of women receiving parental benefits had average weekly insurable earnings lower than \$400 during their qualification period, compared with only 11% of men. Similarly, during this period, 67% of men had average weekly insurable earnings of \$600 or more, compared with only 44% of women.



Source: Employment Insurance Statistics Survey, 2002

Data source and definitions

The Employment Insurance Program, administered by Human Resources Development Canada (HRDC), provides three types of benefits to parents: • • • • • and • • • • • . While the HRDC Web site should be consulted for technical information regarding these benefits, the changes to the EI Program since January, 2001 can generally be described as follows.

From November 18, 1990 to December 30, 2000, the maximum number of eligible weeks of maternity, parental, and sickness benefits combined was 30 weeks. Legislative changes in effect since December 31, 2000 increased the maximum number of paid eligible weeks to 50—with a maximum of 15 weeks maternity benefits, available only to the biological mother, and a maximum of 35 weeks parental or adoption benefits, which can be shared by both parents, biological or adoptive.

Another legislative change, which went into effect on March 3, 2002, ensures that the 50-week EI eligibility period for parents is no longer reduced by the weeks of sickness benefits the mother may need during pregnancy. Since this change is very recent, it is too early to assess its impact. The use of sickness benefits is not covered here.

Hours of insurable employment

To qualify for maternity, parental or adoption benefits, claimants must have accumulated 600 hours of insurable employment in the preceding year. Prior to December 31, 2000, the number of required hours was 700.

Average weekly earnings

Benefits equal 55% of a claimant's average gross weekly earnings during the 26 weeks preceding the claim, to a maximum of \$413 per week. Weeks with little or no earnings (under \$150) are not included in the calculation of the benefit rate, although the hours count toward the 600-hour qualification requirement.

Average monthly number of beneficiaries

The administrative data from HRDC relate to people receiving benefits during the week that includes the 15th of the month. These data are updated monthly and are used to publish standard indicators related to EI benefits and claims. This report compares the average of the first 11 months of 2000 and 2002. (Data for December 2002 were not available at the time the report was prepared).

Taking stock of equity compensation

Jacqueline Luffman

STOCK OPTIONS GARNERED many headlines during the recent high-tech boom and bust. While media attention focused on fortunes gained and lost, little background information was offered on the nature of various plans, or the employers and employees involved. On the one hand, plans such as stock options allow employees to share company risks and rewards, in the hope that they themselves will be financially rewarded. On the other hand, companies see this benefit as a way to encourage greater employee effort, as well as to attract and retain high-quality workers.

Equity compensation is not new. The United States has had legislation governing employee ownership plans since 1974, and other countries have had similar tax and legal requirements. Canada has no specific federal legislation on employee ownership plans; however, certain situations are covered in tax legislation and several provinces provide supporting grants or tax breaks (see *Tax and legal requirements of stock purchase plans*). As a result, the terms 'employee share ownership plan' (ESOP), 'stock option,' 'stock purchase plan,' and 'equity compensation' are often used interchangeably. Without a central legislative focus, evidence on the breadth and depth of employee stock ownership has been piecemeal. In 2002, *The Globe and Mail* reported that about one-third of the 100 largest companies in Canada have some form of long-term stock plan. But do these plans extend to all employees? Do smaller companies also have plans? And what is the range of plans offered?

This article describes several forms of stock purchase plans in Canada and examines participation using the Workplace and Employee Survey (see *Data source and definitions*). Some U.S. statistics are presented as well.

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Stock purchase plans

Three types of stock purchase plans are common in Canada. They can be combinations of employee ownership and equity plans. The best known are stock options. A stock option is a legal agreement between an employee and employer giving the employee the right to buy a fixed number of company shares at a fixed price (the exercise or strike price). An option holder has no shareholder rights, such as receiving dividends or voting. A contract sets out the terms, which include number of shares, vesting schedule, exercise price, and termination date.² Regulations on determining the exercise price vary depending on whether the companies are publicly traded (and thus bound by the requirements of a particular stock exchange) or privately traded.

For example, consider an employee beginning a new job at company X. In addition to an annual salary, the person receives a stock option grant for the right to purchase 1,000 shares of company stock at the exercise price of \$3 per share. The shares are vested but can only be purchased after a specified period of time—typically three to five years. At the end of the period, the price per share has risen to \$6. The employee may now choose to exercise the option and buy the shares, which can either be held or sold immediately on the open market. Some companies may stipulate mandatory holding periods. Tax consequences arise upon both exercising the option and selling the shares.

Stock equity plans entail the legal transfer of ownership of shares. The employee is required to pay for the stock and may or may not have additional rights attached to it. The risk potential associated with investing in the company levels the playing field between the original owners and employee 'owners.' Some observers note that stock equity plans are more successful than other types of equity compensation

Tax and legal requirements of stock purchase plans

For the stock plan participant, certain tax implications arise both when the option to buy the stock is exercised and when the stock is sold. Essentially, when the fair market value is greater than the amount paid, the difference is considered an employment benefit and is thus taxed as salary and wages. Under new rules implemented in 2000, employees can defer taxation on stock options for publicly listed shares. That is, if employees exercise their option, they can defer their capital gains tax. Upon sale of their shares, they can claim the 50% employee stock option deduction to partially offset the inclusion of these benefits in their income. In a stock purchase type of equity compensation (for example, a stock equity plan), employees purchase shares from the company treasury or owner directly. When the shares are purchased, the employee pays the fair market value on the date of purchase. This amount is used by the Canada Customs and Revenue Agency to calculate any future capital gains.

Overall, Canadian plans are non-legislated and built around tax laws or provincial legislation. Six provinces have some form of employee share ownership legislation in place. In British Columbia and Saskatchewan, employees receive a 20% tax credit on the amount invested in a registered ESOP. British Columbia has had employee ownership legislation since 1989 (under the Employee Investment Act). Eligible companies that want to register ESOPs cannot exceed 150 employees and must pay at least 25% of their wages to residents of the province. Legislation in Nova Scotia and Ontario offers employees a 20% tax credit on the cost of shares purchased through an ESOP. Similarly,

in Manitoba a provincial tax credit of \$700 is offered. Quebec set up the Quebec Stock Savings Program in the 1970s. Here, employees get a 125% to 175% deduction on funds invested in an ESOP, to a maximum of 30% of a net income.

A debate is emerging in Canada and the United States over the current accounting standards on stock options plans. Unlike other forms of non-wage benefits and other forms of equity plans, the value of stock options is not known. Under current accounting rules in Canada, as long as the number and exercise price of options are fixed in advance, the cost to employers is not treated as an expense. This accounting treatment has generated much controversy. On one side, some argue that because stock options are compensation and compensation is an expense, options should be a liability. On the other side, many executives counter that options are difficult to value properly and that expensing them would discourage their use.

Setting up stock purchase plans

Before setting up an equity compensation plan, an employer needs to consider the type of equity, percentage of ownership being offered, source of shares (treasury versus ownership group),¹ employee eligibility requirements, allocation amount, vesting periods, buyout provisions, share acquisition, and financing. A number of organizations and professionals will consult with companies to discuss the pros and cons of each option. The entire process, from the design of the plan to implementation can take from three to six months (Phillips 2001).

because employees who have invested money in a company are more likely to have a higher level of commitment (Phillips 2001).

Phantom stock units have rights equivalent to real stock equity but entail no legal transfer of ownership. The employee does not have legal title to any of the assets of the company. Phantom stock units are generally used when owners are not comfortable transferring real equity ownership to employees and do not want them to have a vote.

Stock purchase plans can be complex

The lack of direct federal legislation leaves companies free to develop diverse types of plans. The choice usually depends on company culture and ownership structure. For example, a privately traded firm not able to issue shares but wishing to establish some ownership culture may choose a phantom stock plan as the most practical option. Employers can give employees stock in the company through various arrangements—for example, to upper management employees only or to

all employees. More and more, companies are offering their stock option plans to non-management personnel, including both salaried and hourly non-unionized employees (Brown 2002).³ An employer can also set up various types of stock option plans with different vesting schedules, share amounts, and exercise specifications and prices. For all stock purchase plans, a company can specify eligibility requirements such as minimum length of tenure in a particular job, number of shares allocated to an employee (more shares with more seniority, for example), and buyout provisions.

Employee benefit and recruitment tool

Equity compensation is often used as a tool for recruiting, retaining and motivating employees in a competitive labour market. As Canadian companies turn more to the international labour pool, this kind of compensation is being seen as an attractive incentive. Instead of receiving just a wage, workers have the opportunity to gain financially from the increased value

of the company. Equity compensation can also be used to reward good performance and to promote pride and corporate loyalty. In a survey of about 300 companies, the Conference Board of Canada found that 72% cited recruitment and retention of top employees as the number one reason for the use of stock options. In addition, about 40% used stock option plans to foster a sense of ownership.

Most Canadian research on equity compensation highlights the positive benefits of employee ownership, especially if the plan is set up with the employer's corporate structure and management style in mind (Phillips 2001, Beatty and Schachter 2002). In some instances, the financial value of equity compensation may be less important than the perception of employee ownership in influencing worker attitude. Recent case studies of companies with ownership plans show that for those in financial crisis, such plans can be the key to survival, a return to profitability, and continued growth (Beatty and Schachter 2002).

Other industry experts note the greater risk of stock options, which shift a portion of stable wages to payments contingent upon profits. Because the plan is managed by the individual employee, the investment risk could be considerably high. In the wake of corporate scandals and declining stock prices, many financial planners point to the risk of losses from insufficient financial planning information and narrow investment portfolios. One survey of high-tech companies found half admitted that many employees do not understand how their stock option plan works

Data source and definitions

The **Workplace and Employee Survey (WES)** is made up of a workplace survey on the adoption of technologies, organizational change, training and other human resource practices, business strategies, and labour turnover in workplaces; and a survey of employees within these workplaces covering wages, hours of work, job type, human capital, use of technologies and training. WES was conducted for the first time in the summer and fall of 1999. About 6,300 workplaces and 24,600 employees responded. The survey will follow workplaces for at least four years and employees for two years.

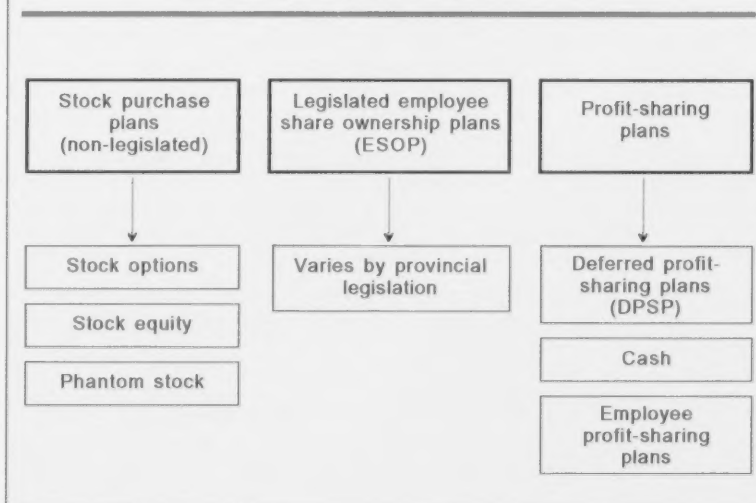
WES excludes workplaces in crop and animal production; fishing, hunting and trapping; private households; and public administration. For comparability with international research on stock options, education and health were also excluded since the vast majority of these jobs are in the public domain. (While a small percentage of health and education jobs are in the private sector, survey limitations meant the entire sector had to be excluded.) Similarly, a small proportion of public sector may be included in other sectors (such as utilities and communication).

Because of different definitions of stock purchase plans, the employee component of WES was used almost exclusively. The workplace survey did ask employers if they offered different types of equity compensation (see *Equity compensation among Canadian employers*).

Stock purchase plan participants are employees who said they participated in a stock purchase plan offered by their employer.

No standard definition exists for stock options, stock purchase plans, or employee share ownership plans, largely because of the lack of specific federal legislation. **Equity compensation** covers all forms of equity-based, non-wage benefits, including stock purchase, employee share ownership, and profit-sharing plans (see chart). In general, equity compensation plans can be classified as legislated or non-legislated. Legislated plans are employee ownership plans that meet the requirements of specific provincial legislation, thereby allowing both the employer and employee to obtain tax credits. Six provinces currently have such legislation. Non-legislated plans, such as stock option plans, use current tax laws and are not required to comply under any specific federal or provincial legislation. This article focuses primarily on stock purchase plans.

Forms of equity compensation



(Bloom 2001). Some U.S. companies are now reporting more education for employees on the potential effect of company stock ownership, and several bills addressing the provision of professional investment advice for retirement planning are before the U.S. Congress (Leder 2002).⁴

Who participates in stock purchase plans

According to the 1999 Workplace and Employee Survey, about 815,000 or 10% of employees had a stock purchase plan. Of this number, 81% worked for employers who contributed or offered discounts on purchases. Similar to those with other non-wage benefits (such as pension plans, life insurance, or dental coverage), participants tended to be middle-aged or older, work full time, and have permanent jobs. In addition, they were more likely to have a university degree, earn \$20 or more per hour, and work in larger workplaces (Table 1).

Where stock plan participants work

Stock purchase plans are found in all private-sector industries, regions, and firm sizes. Certain industries, however, are believed to be aggressively using them in recruitment. According to one recent report, high-technology, chemical, pharmaceutical, and telecommunications industries are most likely to allocate company shares to equity compensation (Hynes and Lendvay-Zwickl 2001). Indeed, over a third of employees in the computer and telecommunications (CT) sector had stock purchase plans in 1999 (Chart A).⁵ However, these plans were not limited to high-tech. About a quarter of employees in forestry, mining, and oil and gas extraction in 1999 were also likely to be participants. Some primary-sector companies initiated employee ownership plans in a time of financial crisis (Beatty and Schachter 2002). High incidence was also found in information and cultural industries (17%), while construction had the lowest incidence (3%).

Some regional variations were apparent, with proportions highest in Alberta (13%) and Ontario (11%), and lowest in Quebec and Manitoba (7%) (Table 1).

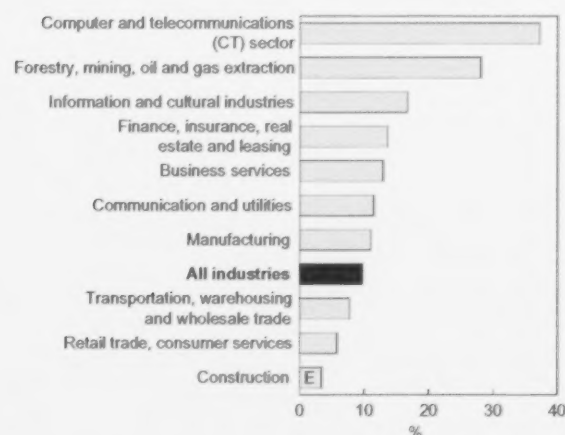
Larger employers in 1999 were more likely to report the availability of different compensation programs. Although two-thirds of private-sector employees worked in environments with less than 100 employees, these workplaces were less likely to have stock purchase plan participants than those with 100 to 499 (13%) or 500 and over (20%).

Table 1: Characteristics of stock purchase plan participants

	Have stock purchase plan*	Employer contributed or offered a discount
	%	
Canada	9.7	81.0
Atlantic	7.6	93.6
Quebec	6.4	72.7
Ontario	11.4	81.5
Manitoba	6.6 ^f	77.9
Saskatchewan	7.8 ^f	75.4
Alberta	13.1	81.4
British Columbia	9.7	85.9
Company size		
1 to 19 employees	5.0	79.6
20 to 99 employees	8.4	80.2
100 to 499 employees	13.2	79.5
500 employees or more	19.6	84.4
Sex		
Men	10.0	80.4
Women	9.3	81.8
Age		
Less than 25	3.2 ^f	94.7
25 to 44	10.8	80.5
45 or over	10.1	80.3
Hourly earnings		
Less than \$12.00	3.2 ^f	87.4 ^e
\$12.00 to \$19.99	8.7	74.1
\$20.00 or more	17.7	83.6
Union status		
Member	8.2	71.1
Not a member	10.0	83.0
Education		
Less than high school	3.4	75.9
High school graduation	8.2	84.2
Some postsecondary or certificate	9.7	80.5
University degree	17.5	80.5
Work schedule		
Full-time	10.8	81.1
Part-time	2.1 ^f	79.8
Job tenure		
Less than 1 year	7.8	88.3
1 to 5 years	9.5	82.9
6 to 10 years	9.6	82.2
More than 10 years	11.0	71.5
Job status		
Permanent	10.4	81.5
Temporary	1.7 ^f	50.6 ^e

Source: Workplace and Employee Survey, 1999

* Employees in the private sector only.

Chart A: Proportion of employees with stock purchase plans by industry

Source: Workplace and Employee Survey, 1999

Most stock purchase plan participants had higher hourly wages

The median hourly wage of stock purchase plan participants was \$22, about \$7 more than those with no stock purchase plans. Overall, the prevalence of stock purchase plans rose with wages and salaries. Those earning \$20 or more per hour were over 5 times as likely as those earning less than \$12 to be participants. Over one-half of plan participants earned \$20 or more per hour, compared with 30% of all private-sector employees.

Almost a third of computer-related professionals participated in stock purchase plans

With computer programmers and analysts in hot demand at the end of the 1990s, many employers in the high-tech industry sought to attract workers through equity compensation. Not surprisingly, 32% of people in these professional occupations reported having a stock purchase plan in 1999—more than triple the rate for all employees.

Professional occupations in natural and applied sciences had the same participation rate as computer programmers (Table 2). These occupations include engineers, scientists, chemists, architects and mathema-

ticians. Many of these jobs were in specialized research companies where stocks can be a key component of recruitment.

Not surprisingly, those in professional occupations were more likely to have their employer contribute to or discount their stock purchase plans (83%). Occupations in sales, service and marketing were the least likely (68%). The high incidence of stock purchase plans among professional occupations likely coincides with the high education levels of plan participants. Fifteen percent of private-sector employees had a university degree in 1999, compared with 28% of stock purchase plan participants.

Table 2: Stock purchase plan participants by occupation

	Have stock purchase plan	Employer contributed or offered a discount
	%	
All occupations	9.7	81.0
Management	14.1	81.7
Senior managers	13.8	74.8
Professional	20.5	83.4
Natural and applied sciences	32.0	75.2
Computer programmers/analysts	31.7	81.8
Technical and trade	8.3	80.0
Sales, service and marketing	3.5	68.2
Clerical and administrative	8.5	81.7
Production workers	4.3	83.8

Source: Workplace and Employee Survey, 1999

Union membership had little effect

In 1999, about 8% of union employees (or those covered by a collective agreement) and 10% of non-union employees were stock purchase plan participants. Those in a union were more likely to work in manufacturing (41%). Most of the non-unionized were in manufacturing (22%), retail trade (20%), and business services (17%). Some research suggests that employee ownership and other equity plans foster better co-operation between unions and management. A few case studies found them useful in aligning management and employee goals as well as improving worker motivation (Beatty and Schachter 2002).

Stock options: the U.S. situation

In more and more U.S. companies, employees are receiving stock options—the new currency of employee compensation (Parker and Gore 2001). Whereas in Canada 'employee share ownership' is a generic reference to stock options and other equity plans, in the U.S., ESOP (employee share ownership plan) has a specific legal meaning. Originally designed to promote investment in company securities, an ESOP is essentially a stock bonus plan—but with two important distinctions. First, it is required to be invested primarily in the securities of the sponsoring employer or one of its affiliates. Second, it may be leveraged—that is, borrowed money may be used to acquire employer stock. Over time, tax-deductible employer contributions to the plan and often dividends paid on the stock are used to repay the loan. As the loan is repaid, shares are released and allocated to employee accounts. ESOP participants generally have the same rights, such as receiving dividends, as other shareholders.

Two types of stock options are available in the United States. Incentive stock options (ISOs) allow employees not to pay taxes at the time of the exercise and to pay only capital gains tax on the entirety. Companies issuing ISOs cannot deduct the spread between the grant and the exercise price from their earnings. Employees who exercise non-qualified stock options (NSOs) are taxed on the difference between the grant and exercise price, regardless of whether the employee actually sells the shares. Companies however, can deduct the difference from their earnings as a compensation expense.

The National Center for Employee Ownership (NCEO) estimates that up to 10 million U.S. employees received stock options in 2000, up from 1 million in 1992. About 8 million employees were included in legislated ESOPs (up from 3 million in 1980). Survey statistics on the actual granting of stock options, however, are much lower. In 1994, the Bureau of Labor Statistics collected information on stock options. At that time, less than 0.5 percent of private-sector workers received stock option grants. By 1999, the figure was 1.7%, some 1.5 million workers (Table).⁶ The NCEO reports that employees with stock options work mostly for publicly traded companies and large employers (over 100 employees). Employees with access to equity-based plans tend to be professional or managerial, non-unionized, and with higher incomes.

Incidence of equity compensation in the United States

Compensation type (private establishments)	%
Stock option grants	2.4
Other equity compensation*	6.7
Establishments granting stock options	
100 employees or fewer	2.1
More than 100 employees	10.1
Employee characteristics (private employees)	
Received stock options	1.7
After-hire**	1.6
Executive	4.6
Other employee	1.6
Salary	
Less than \$35,000	0.7
\$35,000 to \$49,999	1.5
\$50,000 to \$74,999	4.2
\$75,000 and above	12.9
Establishment size	
100 employees or fewer	0.9
More than 100 employees	2.5
Reason for receiving after-hire stock option grants	
Individual performance	14.4
Salary or pay grade	52.4
Occupational type	7.9
Other†	25.3
Average years needed for full vesting	3.0
Average years before grant expiration	8.9
Average number of shares granted	2,931
Average number of shares granted to executives	15,533
Average number of shares granted to other employees	1,967

Source: Bureau of Labor Statistics, 1999

* Other programs include, stock purchase plans, phantom stocks, stock bonus plans, employee stock ownership plans.

** After-hire grants are stock options granted during an employee's normal tenure on the job, after the initial hiring (or signing) phase of employment.

† To qualify as providing a stock option, an establishment had to grant an option to at least one employee who was not an owner in 1999.

Summary

Nearly 1 in 10 private-sector employees were stock purchase plan participants in 1999. Equity compensation plans are extremely varied, as are their financial costs and benefits. Research in this area is further complicated by the lack of a clear definition of what constitutes a stock purchase plan or other equity compensation plan.

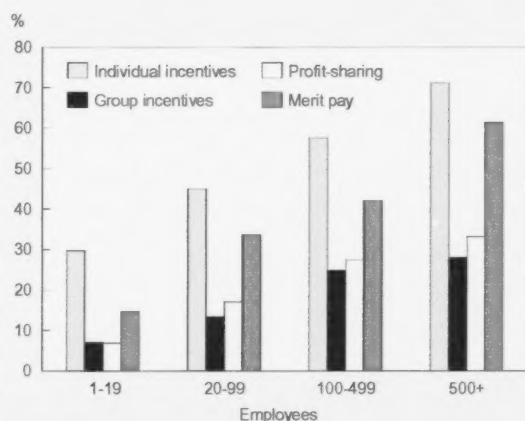
Stock purchase plans are not mandatory, but they are a benefit that employees must manage themselves. As a result, the associated risk, with stock option plans in particular, can be high; employees can either gain or lose an income source. Employees decide when or if to exercise stock options and then sell the shares on the open market.

Equity compensation among Canadian employers

A 2002 World at Work survey of about 529 Canadian companies found that over half of firms who offered stock options were publicly traded and most often found in manufacturing and high-tech industries. While many positives are associated with equity compensation, such plans may not hold all the answers for recruitment or sense of corporate loyalty. For example, if a company's stock price declines, options may become worthless, and improved employee performance may be questionable. In addition, shares set aside for option plans could lower a company's earnings per share when they are exercised.

The employer portion of WES asked about the use of four broad categories of compensation schemes. Most entail some form of equity compensation. Individual incentive practices (including bonuses, piece-rates, commissions, stock options, employee stock purchase plans) were the most popular and were reported by just under a third of Canadian private businesses. In addition, merit or skill-based pay was used by about 17% of private businesses. Less popular were profit-sharing plans (8%) and productivity gain-sharing (8%).¹ While almost 90% of private workplaces had fewer than 20 employees, these workplaces were less likely than mid-range and larger workplaces to use all schemes, although this varied from industry to industry (Chart).

The use of various compensation schemes increases with workplace size.



Source: Workplace and Employee Survey, 1999

Stock purchase plans in 1999 were more heavily concentrated among employees with higher earnings; in certain professional occupations such as computer programmers and analysts, and occupations in natural and applied sciences; and in industries such as CT and forestry, mining, and oil and gas extraction. Stock purchase plan participants also tended to work in larger workplaces (particularly those with 500 or more employees).

The use of stock purchase plans is still a relatively small phenomenon but government legislation, accounting practices or tax modifications could mean a change. The year 1999 was particularly good for employment and stock market growth; however, more recently, stock purchase plans may have lost their initial allure, especially as stock prices continue to decline.

Perspectives

Notes

- 1 Shares from treasury are owned by the company. Shares that are owned by current owners and can be sold directly to employees are shares from the ownership group.
- 2 Vesting refers to any calendar restrictions a stock option holder may have before being able to exercise their stock options. 'Exercise price' or 'strike price' refers to the price at which shares can be purchased.
- 3 Twenty-five percent of companies surveyed (529) in 2001 indicated that they offered stock options to non-management, non-unionized hourly employees, 49% to non-management salaried employees, and 80% to management salaried employees.
- 4 An example of such a bill is HR 2269, *The Retirement Security Advice Act of 2001*.
- 5 The computer and telecommunications (CT) sector is a sub-sector of the information and communication technology (ICT) sector. The CT sector can be seen as a sub-sector or core component of ICT using 12 4-digit NAICS categories (Bowlby and Langlois 2002).
- 6 Only those establishments who responded yes to the question "Did the establishment grant stock options to at least one employee who was not an owner during 1999?" Employees may have been granted stock options other than in 1999, and they are not included in the incidence of stock option granting (Crimmel and Schildkraut 2001).

7 Profit-sharing plans refer to a type of compensation program that makes payments to employees over and above their base salaries or wages. The level of the corporation's profits determines these bonus payments. Productivity gain sharing schemes refer to bonuses for group performance, small team rewards, employee stock ownership plans and stock options.

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